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From:

Sent: Wednesday, February 02, 2011 4:21:16 PM

To:

Cc:

Subject: RE: Question regarding 10-year S/L on FTC

(1) With respect to the \$ of foreign taxes paid in TY , the taxpayer was required to carry back \$ of the taxes to eliminate the excess limitation remaining in TY . The balance of \$ remaining for may be carried forward 10 years (or until exhausted) under section 904(c), as amended in 2004 (change to ten-year carry forward effective for excess foreign taxes which may be carried to any tax year ending after 10-22-2004). Because the taxpayer mistakenly carried back taxes from to (as a result of the NOL carryback from), it must adjust its excess credit balances for its taxable years from forward to reflect the corrected carryback from .

(2) With respect to the statute of limitations under section 6511(d)(3)(A) for the refund claim for , which results from taxes being carried back from , the period of limitation is 10 years from the due date (without extension) for the return for , the year in which such taxes were actually paid or accrued. In other words, the amended return for must be filed by . See the 1997 statutory amendment to section 6511(d)(3)(A), which clarified that the statute runs from the year **from** which the taxes are carried, not from the year **to** which the taxes are carried.

(3) The foreign taxes that were freed up in by the NOL which was carried back from cannot be utilized until all of the excess taxes from have been carried forward. Once the taxes are exhausted, the taxes from may be carried forward, again for 10 years (or until exhausted) under section 904(c), as amended in 2004.

If you have any questions, please call me or .

Thanks,